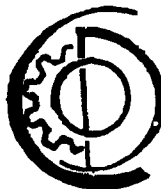


Commonwealth of Puerto Rico



Department of Labor and Human Resources

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**Human Resources and Occupational Development Council****Xavier González Calderín**  
Executive Director

May 16, 2002

**Ms. Marilyn K. Shea**  
Regional Administrator  
Employment and Training Administration  
U.S. Department of Labor  
201 Varick Street - Room 755N  
New York, N.Y. 10014-4811

Dear Ms. Shea:

On April 26, 2002 a meeting was held between personnel from your office and the Puerto Rico Department of Labor and Human Resource and Occupational Development Council (HRODC) pertaining to the waivers requested for two provisions under the Workforce Investment Act (WIA) of 1998. In such meeting we were asked to provide additional information on the following waivers:

- ✓ 20% limitation to transfer program year allocation for dislocated worker employment and training activities.
- ✓ 10% limitation of local administrative cost.

As indicated in our letter of April 17, 2002, the approval of these two (2) waivers would facilitate and expedite our goal to expend funds to provide needed services to our adult population and enhance the administrative structure in order to appropriately implement WIA in Puerto Rico. Regarding the 20% limitation waiver to transfer dislocated worker funds, many of our local areas have indicated that they will not have sufficient funds to serve their adult population. Even though Puerto Rico, in the last year and a half has been experiencing a numerous amount of plant closings and layoff, the WIA system main clientele have been the adult population. In order to maintain an accessible system that will provide appropriate services to the adult population, additional funding will be required and that could be accomplished by transferring dislocated workers allocated funds.

One of the most glaring differences between the Job Training Partnership Act and WIA was that one was geared to program and the other was system conceptualization and development. This led to changes in the definition of administrative cost category, thereby reducing the

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Ms. Marilyn K. Shea

May 15, 2002

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administrative cost limitation from 20 percent to 10 percent. For all of the local workforce areas in Puerto Rico, this particular change was very harsh and encumbering. The implementation of the one stop delivery system in the island entailed the establishment of an infrastructure with the capacity to provide comprehensive levels of services to youth, adults and dislocated workers. Administrative funds are required not only for the physical structure component but also for the installation and connection of high technological hardware and software program necessary to involve key partners into the workforce development system. In addition, each local area needed to recruit essential workforce development professionals to work in their one-stop centers and provide appropriate services to their clients, which also includes employers. This effort would need more administrative funds and the additional increase of 5 percent for a total of 15 percent would assure formidable and effective performance and expenditure rate.

Regarding the process to ensure meaningful public comments on the waivers requested, the Council holds regular meetings with the 15 local areas, which also includes the local boards, and details on the waivers is disseminated to all interested parties within this forum. Public notices in all the major newspaper regarding the waivers requested would be published if deemed necessary.

The Council as the administrative entity will oversee the process in monitoring the implementation of the waivers. Through the Liaison and Monitoring Unit, oversight and follow up will be provided on the waivers. The Liaison Unit is constantly in the field visiting the local areas in order to respond to specific needs that they may have and to provide technical assistance. The Monitoring Unit is responsible for evaluating the administrative, fiscal and operational systems implemented by the local areas to develop their workforce delivery network. The following constitute specific objectives of the Monitoring Unit concerning the waivers:

- Determine the impact of the waivers
- Evaluate that the delivery of services is consistent with statutory requirement and program design.
- Examine expenditure against cost categories and cost limitations.
- Follow up corrective actions required to solve administrative and operational issues arising from monitoring review relating to the waivers.
- Provide technical assistance pertaining to the waivers.

We hope that the additional information provided will be helpful in expediting the process for approving Puerto Rico's waiver request. This is important since we are in the second month of the last quarter of program year 2001 and would appreciate implementing the waivers as soon as possible.



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Please feel free to call Mr. Joe Alvarez, Deputy Director of the Human Resources and Occupational Development Council, at (787) 754-5510, ext. 311, if you have any questions or concerns.

Sincerely,



Xavier González Calderón  
Executive Director

c. Ralph Muñiz, GOTR  
Region 1



COMMONWEALTH OF PUERTO RICO  
**DEPARTMENT OF LABOR AND HUMAN RESOURCES**

Víctor Rivera Hernández  
Secretary

April 23, 2002

Ms. Marilyn K. Shea  
Regional Administrator  
Employment and Training Administration  
U.S. Department of Labor  
201 Varick Street  
Room 755 N  
New York, N.Y. 10014-4811

Dear Ms. Shea:

One of the seven key principles embodied in the Workforce Investment Act (WIA) of 1998 is to provide States and local areas with increased flexibility in order to implement an innovated and comprehensive workforce system customized to meet the needs of our labor market. With this in mind, on behalf of the Governor and as designated *WIA* grantee for the Commonwealth of Puerto Rico, I am formally requesting waivers regarding two provisions under WIA. The following are the provisions the Commonwealth is requesting authority to waive:

- ☛ 20% limitation to transfer program year allocation for dislocated worker employment and training activities.
- ☛ 10% limitation of local administrative costs.

The approval of these two (2) requested waivers would provide flexibility in our goal to expend funds to provide needed services to our adult population and therefore meet our labor market needs. Even though Puerto Rico has experience an incredible amount of plant closing and layoffs, the definition of a dislocated worker is such more delineated under WIA, therefore,

Ms. Marylin Shea  
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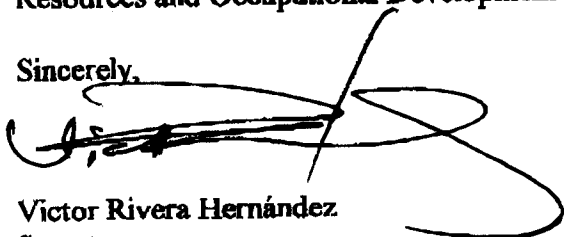
making it more difficult to recruit and provide services to them. We are requesting an additional 20% transfer of dislocated workers allocation for adult training and activity.

As for the 10% limitation for local areas administration cost, the waiver will be approve only for those local areas that have demonstrated good performance regarding expenditure of funds and/or on meeting their standards. We are requesting an additional 5% increase for local administration.

We look forward to hearing from you as soon as possible since we are in the last quarter of this program year and are developing strategies to confront under expenditursc issues.

If you have any question or need additional information please feel free to call the Human Resources and Occupational Development Council at (787) 754-5510.

Sincerely,



Victor Rivera Hernández  
Secretary  
Department of Labor and Human Resources

c. Ralph Mufiz, GOTR  
Region I